

AMENDED IN SENATE JUNE 15, 2016

AMENDED IN SENATE JUNE 14, 2016

AMENDED IN SENATE JUNE 13, 2016

AMENDED IN ASSEMBLY APRIL 14, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1618

Introduced by ~~Committee on Budget (Assembly Members Ting (Chair), Travis Allen, Bigelow, Bloom, Bonta, Campos, Chávez, Chiu, Cooper, Gordon, Grove, Harper, Holden, Irwin, Kim, Lackey, McCarty, Melendez, Mullin, Nazarian, Obernolte, O'Donnell, Patterson, Rodriguez, Thurmond, Wilk, and Williams)~~
Committee on Budget (Assembly Members Ting (Chair), Bloom, Bonta, Campos, Chiu, Cooper, Gordon, Holden, Irwin, McCarty, Mullin, Nazarian, O'Donnell, Rodriguez, Thurmond, and Williams)

January 7, 2016

An act to amend Sections 5830 and 5847 of, and to add Part 3.9 (commencing with Section 5849.1) to Division 5 of, the Welfare and Institutions Code, relating to housing, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 1618, as amended, Committee on Budget. No Place Like Home Program: establishment.

(1) The Mental Health Services Act (MHSA), an initiative measure enacted by the voters as Proposition 63 at the November 2, 2004, statewide general election, imposes a 1% tax on that portion of a taxpayer's taxable income that exceeds \$1,000,000 and requires that

the revenue from that tax be deposited in the Mental Health Services Fund to fund various county mental health programs. The MHSA authorizes the Legislature to amend its provisions by a $\frac{2}{3}$ vote, provided that the amendment is consistent with and furthers the intent of the act.

This bill would establish the No Place Like Home Program, to be administered by the Department of Housing and Community Development. The bill would require the department to award \$2,000,000,000 through a competitive program among counties to finance capital costs, including, but not limited to, acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves, of permanent supportive housing for the target population, as specified. The bill would further require the department to allocate ~~\$1,800,000~~ *\$1,800,000,000* to a competitive program, as specified, and would require that applicants meet specified requirements to be eligible to apply for funding and would require the department to evaluate applications using specified criteria. The bill would require the department to award moneys in four rounds, as provided. The bill would require the department to allocate \$200,000,000 among all counties within this state *in amounts* based on a calculation ~~that includes, among other considerations, of the numbers~~ *number* of homeless persons residing in each ~~county~~ *county or in \$500,000 amounts, whichever is greater for each county*. The bill would establish, and continuously appropriate, the No Place Like Home Fund for these purposes. The bill would also appropriate \$6,200,000 from the Mental Health Services Fund to the department to provide technical and application preparation assistance to counties. The bill would require counties to annually report to the department on activities funded under these provisions, as provided.

This bill would establish the No Place Like Home Program Advisory Committee, as specified, and require the committee to assist and advise the department in the implementation of the program, review and make recommendations on the department's guidelines, review the department's progress in distributing moneys pursuant to the program, and provide advise and guidance on statewide homelessness issues. The bill would also require the department to submit a report on the program to the Legislature by December 31 of each year, as specified, and, upon an appropriation for that purpose, to contract with a public or private research university in this state to evaluate the program, as provided.

(2) The MHSA, among other things, requires county health programs to develop plans for innovative programs, to be funded as provided,

and requires that the innovative program have specified purposes, including increasing access to services. Existing law requires that the projects included in the innovative program portion of a county health plan meet specified requirements, including increasing access to underserved groups and increasing access to services.

This bill would specify that the services required to be provided through these programs, among other things, may include the provision of permanent supportive housing.

(3) This bill would declare that its provisions further the intent of the MHSA.

(4) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 5830 of the Welfare and Institutions Code
- 2 is amended to read:
- 3 5830. County mental health programs shall develop plans for
- 4 innovative programs to be funded pursuant to paragraph (6) of
- 5 subdivision (a) of Section 5892.
- 6 (a) The innovative programs shall have the following purposes:
- 7 (1) To increase access to underserved groups.
- 8 (2) To increase the quality of services, including better
- 9 outcomes.
- 10 (3) To promote interagency collaboration.
- 11 (4) To increase access to services, including, but not limited to,
- 12 services provided through permanent supportive housing.
- 13 (b) All projects included in the innovative program portion of
- 14 the county plan shall meet the following requirements:
- 15 (1) Address one of the following purposes as its primary
- 16 purpose:
- 17 (A) Increase access to underserved groups, which may include
- 18 providing access through the provision of permanent supportive
- 19 housing.
- 20 (B) Increase the quality of services, including measurable
- 21 outcomes.
- 22 (C) Promote interagency and community collaboration.

1 (D) Increase access to services, which may include providing
2 access through the provision of permanent supportive housing.

3 (2) Support innovative approaches by doing one of the
4 following:

5 (A) Introducing new mental health practices or approaches,
6 including, but not limited to, prevention and early intervention.

7 (B) Making a change to an existing mental health practice or
8 approach, including, but not limited to, adaptation for a new setting
9 or community.

10 (C) Introducing a new application to the mental health system
11 of a promising community-driven practice or an approach that has
12 been successful in nonmental health contexts or settings.

13 (D) Participating in a housing program designed to stabilize a
14 person's living situation while also providing supportive services
15 on site.

16 (c) An innovative project may affect virtually any aspect of
17 mental health practices or assess a new or changed application of
18 a promising approach to solving persistent, seemingly intractable
19 mental health challenges, including, but not limited to, any of the
20 following:

21 (1) Administrative, governance, and organizational practices,
22 processes, or procedures.

23 (2) Advocacy.

24 (3) Education and training for service providers, including
25 nontraditional mental health practitioners.

26 (4) Outreach, capacity building, and community development.

27 (5) System development.

28 (6) Public education efforts.

29 (7) Research.

30 (8) Services and interventions, including prevention, early
31 intervention, and treatment.

32 (9) Permanent supportive housing development.

33 (d) If an innovative project has proven to be successful and a
34 county chooses to continue it, the project workplan shall transition
35 to another category of funding as appropriate.

36 (e) County mental health programs shall expend funds for their
37 innovation programs upon approval by the Mental Health Services
38 Oversight and Accountability Commission.

39 SEC. 2. Section 5847 of the Welfare and Institutions Code is
40 amended to read:

1 5847. Integrated Plans for Prevention, Innovation, and System
2 of Care Services.

3 (a) Each county mental health program shall prepare and submit
4 a three-year program and expenditure plan, and annual updates,
5 adopted by the county board of supervisors, to the Mental Health
6 Services Oversight and Accountability Commission within 30 days
7 after adoption.

8 (b) The three-year program and expenditure plan shall be based
9 on available unspent funds and estimated revenue allocations
10 provided by the state and in accordance with established
11 stakeholder engagement and planning requirements as required in
12 Section 5848. The three-year program and expenditure plan and
13 annual updates shall include all of the following:

14 (1) A program for prevention and early intervention in
15 accordance with Part 3.6 (commencing with Section 5840).

16 (2) A program for services to children in accordance with Part
17 4 (commencing with Section 5850), to include a program pursuant
18 to Chapter 4 (commencing with Section 18250) of Part 6 of
19 Division 9 or provide substantial evidence that it is not feasible to
20 establish a wraparound program in that county.

21 (3) A program for services to adults and seniors in accordance
22 with Part 3 (commencing with Section 5800).

23 (4) A program for innovations in accordance with Part 3.2
24 (commencing with Section 5830).

25 (5) A program for technological needs and capital facilities
26 needed to provide services pursuant to Part 3 (commencing with
27 Section 5800), Part 3.6 (commencing with Section 5840), and Part
28 4 (commencing with Section 5850). All plans for proposed facilities
29 with restrictive settings shall demonstrate that the needs of the
30 people to be served cannot be met in a less restrictive or more
31 integrated setting, such as permanent supportive housing.

32 (6) Identification of shortages in personnel to provide services
33 pursuant to the above programs and the additional assistance
34 needed from the education and training programs established
35 pursuant to Part 3.1 (commencing with Section 5820).

36 (7) Establishment and maintenance of a prudent reserve to
37 ensure the county program will continue to be able to serve
38 children, adults, and seniors that it is currently serving pursuant
39 to Part 3 (commencing with Section 5800), the Adult and Older
40 Adult Mental Health System of Care Act, Part 3.6 (commencing

1 with Section 5840), Prevention and Early Intervention Programs,
2 and Part 4 (commencing with Section 5850), the Children's Mental
3 Health Services Act, during years in which revenues for the Mental
4 Health Services Fund are below recent averages adjusted by
5 changes in the state population and the California Consumer Price
6 Index.

7 (8) Certification by the county behavioral health director, which
8 ensures that the county has complied with all pertinent regulations,
9 laws, and statutes of the Mental Health Services Act, including
10 stakeholder participation and nonsupplantation requirements.

11 (9) Certification by the county behavioral health director and
12 by the county auditor-controller that the county has complied with
13 any fiscal accountability requirements as directed by the State
14 Department of Health Care Services, and that all expenditures are
15 consistent with the requirements of the Mental Health Services
16 Act.

17 (c) The programs established pursuant to paragraphs (2) and
18 (3) of subdivision (b) shall include services to address the needs
19 of transition age youth 16 to 25 years of age. In implementing this
20 subdivision, county mental health programs shall consider the
21 needs of transition age foster youth.

22 (d) Each year, the State Department of Health Care Services
23 shall inform the County Behavioral Health Directors Association
24 of California and the Mental Health Services Oversight and
25 Accountability Commission of the methodology used for revenue
26 allocation to the counties.

27 (e) Each county mental health program shall prepare expenditure
28 plans pursuant to Part 3 (commencing with Section 5800) for adults
29 and seniors, Part 3.2 (commencing with Section 5830) for
30 innovative programs, Part 3.6 (commencing with Section 5840)
31 for prevention and early intervention programs, and Part 4
32 (commencing with Section 5850) for services for children, and
33 updates to the plans developed pursuant to this section. Each
34 expenditure update shall indicate the number of children, adults,
35 and seniors to be served pursuant to Part 3 (commencing with
36 Section 5800), and Part 4 (commencing with Section 5850), and
37 the cost per person. The expenditure update shall include utilization
38 of unspent funds allocated in the previous year and the proposed
39 expenditure for the same purpose.

1 (f) A county mental health program shall include an allocation
2 of funds from a reserve established pursuant to paragraph (7) of
3 subdivision (b) for services pursuant to paragraphs (2) and (3) of
4 subdivision (b) in years in which the allocation of funds for services
5 pursuant to subdivision (e) are not adequate to continue to serve
6 the same number of individuals as the county had been serving in
7 the previous fiscal year.

8 SEC. 3. Part 3.9 (commencing with Section 5849.1) is added
9 to Division 5 of the Welfare and Institutions Code, to read:

10
11 PART 3.9. THE NO PLACE LIKE HOME PROGRAM
12

13 5849.1. (a) The Legislature finds and declares that this part is
14 consistent with and furthers the purposes of the Mental Health
15 Services Act, enacted by Proposition 63 at the November 2, 2004,
16 statewide general election, within the meaning of Section 18 of
17 that measure.

18 (b) The Legislature further finds and declares all of the
19 following:

20 (1) Housing is a key factor for stabilization and recovery to
21 occur and results in improved outcomes for individuals living with
22 a mental illness.

23 (2) Untreated mental illness can increase the risk of
24 homelessness, especially for single adults.

25 (3) California has the nation's largest homeless population that
26 is disproportionally comprised of women with children, veterans,
27 and the chronically homeless.

28 (4) California has the largest number of homeless veterans in
29 the United States at 24 percent of the total population in our nation.
30 Fifty percent of California's veterans live with serious mental
31 illness and 70 percent have a substance use disorder.

32 (5) Fifty percent of mothers experiencing homelessness have
33 experienced a major depressive episode since becoming homeless
34 and 36 percent of these mothers live with post-traumatic stress
35 disorder and 41 percent have a substance use disorder.

36 (6) Ninety-three percent of supportive housing tenants who live
37 with mental illness and substance use disorders voluntarily
38 participated in the services offered.

(7) Adults who receive 2 years of “whatever-it-takes,” or Full Service Partnership services, experience a 68 percent reduction in homelessness.

(8) For every dollar of bond funds invested in permanent supportive housing, the state and local governments can leverage a significant amount of additional dollars through tax credits, Medicaid health services funding, and other housing development funds.

(9) Tenants of permanent supportive housing reduced their visits to the emergency department by 56 percent, and their hospital admissions by 45 percent.

(10) The cost in public services for a chronically homeless Californian ranges from \$60,000 to \$100,000 annually. When housed, these costs are cut in half and some reports show reductions in cost of more than 70 percent, including potentially less involvement with the health and criminal justice systems.

(11) Californians have identified homelessness as their top tier priority; this measure seeks to address the needs of the most vulnerable people within this population.

(12) Having counties provide mental health programming and services is a benefit to the state.

5849.2. As used in this part, the following definitions shall apply:

(a) “At risk of chronic homelessness” includes, but is not limited to, persons who are at high risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others, as defined in program guidelines.

(b) “Chronically homeless” has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on May 1, 2016.

(c) “Committee” means the No Place Like Home Program Advisory Committee established pursuant to Section 5849.3.

(d) “County” includes, but is not limited to, a city and county.

(e) “Department” means the Department of Housing and Community Development.

1 (f) “Development sponsor” has the same meaning as “sponsor”
2 as defined in Section 50675.2 of the Health and Safety Code.

3 (g) “Fund” means the No Place Like Home Fund established
4 pursuant to Section 5849.4.

5 (h) “Homeless” has the same meaning as defined in Section
6 578.3 of Title 24 of the Code of Federal Regulations, as that section
7 read on May 1, 2016.

8 (i) “Permanent supportive housing” has the same meaning as
9 “supportive housing,” as defined in Section 50675.14 of the Health
10 and Safety Code, except that “permanent supportive housing” shall
11 include associated facilities if used to provide services to housing
12 residents.

13 (j) “Program” means the process for awarding funds and
14 distributing moneys to applicants established in Sections 5849.7,
15 5849.8, and 5849.9.

16 (1) “Competitive program” means that portion of the program
17 established by Section 5849.8.

18 (2) “Distribution program” means that portion of the program
19 described in Section 5849.9.

20 (k) “Target population” means individuals or households as
21 provided in Section 5600.3 who are homeless, chronically
22 homeless, or at risk of chronic homelessness.

23 5849.3. (a) There is hereby established the No Place Like
24 Home Program Advisory Committee. Membership on the
25 committee shall be as follows:

26 (1) The Director of Housing and Community Development, or
27 his or her designee, who shall serve as the chairperson of the
28 committee.

29 (2) The Director of Health Care Services, or his or her designee,
30 and an additional representative.

31 (3) The Secretary of Veterans Affairs, or his or her designee.

32 (4) The Director of Social Services, or his or her designee.

33 (5) The Treasurer, or his or her designee.

34 (6) The chair of the Mental Health Services Oversight and
35 Accountability Commission, or his or her designee.

36 (7) A chief administrative officer of a small county or a member
37 of a county board of supervisors of a small county, as provided by
38 subdivision (d) of Section 5489.6, to be appointed by the Governor.

(8) A chief administrative officer of a large county or a member of a county board of supervisors of a large county, as provided by subdivision (b) of Section 5489.6, to be appointed by the Governor.

(9) A director of a county behavioral health department, to be appointed by the Governor.

(10) An administrative officer of a city, to be appointed by the Governor.

(11) A representative of an affordable housing organization, to be appointed by the Speaker of the Assembly.

(12) A resident of supportive housing, to be appointed by the Governor.

(13) A representative of a community mental health organization, to be appointed by the Senate Rules Committee.

(14) A representative of a local or regional continuum of care organization that coordinates homelessness funding, to be appointed by the Governor.

(b) The committee shall do all of the following:

(1) Assist and advise the department in the implementation of the program.

(2) Review and make recommendations on the department's guidelines.

(3) Review the department's progress in distributing moneys pursuant to this part.

(4) Provide advice and guidance more broadly on statewide homelessness issues.

5849.4. (a) The No Place Like Home Fund is hereby created within the State Treasury and, notwithstanding Section 13340 of the Government Code, continuously appropriated to the department for the purposes of this part. The department may use up to five percent of the amount deposited in the fund for administrative expenses in implementing this part.

(b) There shall be paid into the fund the following:

(1) Any proceeds from the issuance of bonds by the Treasurer for the purpose of implementing the program.

(2) Any other federal or state grant, or from any private donation or grant, for the purposes of this part.

(3) Any interest payment, loan repayments, or other return of funds.

5849.5. (a) The department may adopt guidelines or ~~regulations~~ regulations, in consultation with the California State Association

1 *of Counties and other stakeholders*, as necessary to exercise the
2 powers and perform the duties conferred or imposed on it by this
3 part. Any guideline or regulation adopted pursuant to this section
4 shall not be subject to the requirements of the Administrative
5 Procedure Act (Chapter 3.5 (commencing with Section 11340) of
6 Part 1 of Division 3 of Title 2 of the Government Code). The
7 department shall consult with key stakeholders, including, but not
8 limited to, counties.

9 (b) The department may adopt emergency regulations in order
10 to expedite the award of moneys pursuant to this part.

11 5849.6. For the purpose of administering ~~this part~~, Sections
12 5849.7 and 5849.8, the department shall organize counties into
13 the following competitive groupings based on population:

14 (a) The County of Los Angeles.

15 (b) Large counties with a population greater than 750,000.

16 (c) Medium counties with a population between 200,000 to
17 750,000.

18 (d) Small counties with a population less than 200,000.

19 The competitive program shall distribute funding among the
20 groupings based on a calculation made by the department that shall
21 include the number of homeless persons residing within each
22 county, as determined by the department, and considers minimum
23 funding levels necessary for a permanent supportive housing
24 development. The department, at its discretion, may consider other
25 factors in the calculation if it supports the objectives of this part.

26 5849.7. (a) The department shall administer a competitive
27 program, pursuant to Section 5849.8, and distribution program,
28 pursuant to Section 5849.9, for awarding a total of two billion
29 dollars (\$2,000,000,000) among counties to finance capital costs
30 including, but not limited to, acquisition, design, construction,
31 rehabilitation, or preservation, and to capitalize operating reserves,
32 of permanent supportive housing for the target population.

33 (b) For the competitive program established by Section 5849.8,
34 the following shall apply:

35 (1) A county may apply as the sole applicant if it is the
36 development sponsor or jointly with a separate entity as
37 development sponsor.

38 (2) Funded developments shall integrate the target population
39 with the general public.

1 (3) Funded developments shall utilize low barrier tenant
2 selection practices that prioritize vulnerable populations and offer
3 flexible, voluntary, and individualized supportive services.

4 (4) The guidelines may provide for alternative housing models,
5 such as shared housing models of fewer than five units. Integration
6 requirements may be modified in shared housing.

7 (5) Funds shall be offered as deferred payment loans to finance
8 capital costs including acquisition, design, construction,
9 rehabilitation, or preservation, and to capitalize operating reserves
10 of, permanent supportive housing for the target population.

11 (6) The department shall adopt guidelines establishing income
12 and rent standards.

13 5849.8. (a) One billion eight hundred million dollars
14 (\$1,800,000,000) shall be allocated from the fund for the purposes
15 of the competitive program. The department shall develop a
16 competitive application process for the purpose of awarding
17 moneys pursuant to this section. In considering applications, the
18 department shall do all of the following:

19 (1) Restrict eligibility to applicants that meet the following
20 minimum criteria:

21 (A) The county commits to provide mental health supportive
22 services and to coordinate the provision of or referral to other
23 services, including, but not limited to, substance use treatment
24 services, to the tenants of the supportive housing development for
25 at least 20 years. Services shall be provided onsite at the supportive
26 housing development or in a location otherwise easily accessible
27 to tenants. The county may use, but is not restricted to using, any
28 of the following available funding sources as allowed by state and
29 federal law:

30 (i) The Local Mental Health Services Fund established pursuant
31 to subdivision (f) of Section 5892.

32 (ii) The Mental Health Account within the Local Health Welfare
33 Trust Fund established pursuant to Section 17600.10.

34 (iii) The Behavioral Health Subaccount within the County Local
35 Revenue Fund 2011 established pursuant to paragraph (4) of
36 subdivision (f) of Section 30025 of the Government Code.

37 (iv) Funds received from other private or public entities.

38 (v) Other county funds.

39 (B) The county has developed a county plan to combat
40 homelessness, which includes a description of homelessness

1 countywide, any special challenges or barriers to serving the target
2 population, county resources applied to address the issue, available
3 community-based resources, an outline of partners and
4 collaborations, and proposed solutions.

5 (C) Meet other threshold requirements including, but not limited
6 to, developer capacity to develop, own, and operate a permanent
7 supportive housing development for the target population,
8 application proposes a financially feasible development with
9 reasonable development costs.

10 (2) The department shall evaluate applications using, at
11 minimum, the following criteria:

12 (A) The extent to which units assisted by the program are
13 restricted to persons who are chronically homeless or at risk of
14 chronic homelessness within the target population.

15 (B) The extent to which funds are leveraged for capital costs.

16 (C) The extent to which projects achieve deeper affordability
17 through the use of non-state project-based rental assistance,
18 operating subsidies, or other funding.

19 (D) Project readiness.

20 (E) The extent to which applicants offer a range of on and
21 off-site supportive services to tenants, including mental health
22 services, behavioral health services, primary health, employment,
23 and other tenancy support services.

24 (b) The department may establish an alternative process for
25 allocating funds directly to counties, as calculated in Section
26 5849.6, with at least five percent of the state's homeless population
27 and that demonstrate the capacity to directly administer loan funds
28 for permanent supportive housing serving the target population
29 and the ability to prioritize individuals with mental health
30 supportive needs who are homeless or at risk of chronic
31 homelessness, consistent with this part and as determined by the
32 department. The department shall adopt guidelines establishing
33 the parameters of an alternative process, if any, and requirements
34 for local administration of funds, including, but not limited to,
35 project selection process, eligible use of funds, loan terms, rent
36 and occupancy restrictions, provision of services, and reporting
37 and monitoring requirements. Counties participating in the
38 alternative process shall not be eligible for the competitive process
39 and shall be limited to ~~the amount calculated~~ *funds in proportion*
40 *to their share of the percentage of the statewide homeless*

1 *population, as calculated by the department* in Section 5849.6.
2 Funds not committed to supportive housing developments within
3 two years following award of funds to counties shall be returned
4 to the state for the purposes of the competitive program. The
5 department shall consider the following when selecting
6 participating counties:

7 (1) Demonstrated ability to finance permanent supportive
8 housing with local and federal funds, and monitor requirements
9 for the life of the loan.

10 (2) Past history of delivering supportive services to the target
11 population in housing.

12 (3) Past history of committing project-based vouchers to
13 supportive housing.

14 (4) Ability to prioritize the most vulnerable within the target
15 population through coordinated entry system.

16 (c) The department shall set aside 8 percent of funds offered in
17 Rounds 1 through 4, inclusive, for small counties as provided in
18 subdivision (d) of Section 5849.6.

19 (d) The department shall award funds in at least four rounds as
20 follows:

21 (1) The department shall issue its first request for proposal for
22 the competitive program no later than 180 days after any deadline
23 for appeals as set forth in Section 870 of the Code of Civil
24 Procedure.

25 (2) The second round shall be completed no later than one year
26 after the completion of the first round.

27 (3) The third round shall be completed no later than one year
28 after the completion of the second round.

29 (4) The fourth round shall be completed no later than one year
30 after the completion of the third round.

31 (5) Subsequent rounds shall occur annually thereafter in order
32 to fully exhaust remaining funds and the department may
33 discontinue the use of the competitive groupings in Section 5849.6,
34 the alternative process in subdivision (b) for any funds not awarded
35 by the county, and the rural set aside funds as set forth in
36 subdivision (c).

37 (e) (1) Any loans made by the department pursuant to this
38 section shall be in the form of secured deferred payment loans to
39 pay for the eligible costs of development. Principal and
40 accumulated interest is due and payable upon completion of the

1 term of the loan, which shall be established through program
2 guidelines adopted pursuant to Section 5849.5. The loan shall bear
3 simple interest at a rate of three percent per annum on the unpaid
4 principal balance. The department shall require annual loan
5 payments in the minimum amount necessary to cover the costs of
6 project monitoring. For the first 15 years of the loan term, the
7 amount of the required loan payments shall not exceed forty-two
8 hundredths of 1 percent per annum.

9 (2) The department may establish maximum loan-to-value
10 requirements for some or all of the types of projects that are eligible
11 for funding under this part, which shall be established through
12 program guidelines adopted pursuant to Section 5849.5.

13 (3) The department shall establish per-unit and per-project loan
14 limits for all project types.

15 (f) (1) The department may designate an amount not to exceed
16 four percent of funds allocated for the competitive program, not
17 including funding allocated pursuant to subdivision (b), in order
18 to cure or avert a default on the terms of any loan or other
19 obligation by the recipient of financial assistance, or bidding at
20 any foreclosure sale where the default or foreclosure sale would
21 jeopardize the department's security in the rental housing
22 development assisted pursuant to this part. The funds so designated
23 shall be known as the "default reserve."

24 (2) The department may use default reserve funds made
25 available pursuant to this section to repair or maintain any rental
26 housing development assistance pursuant to this part to protect the
27 department's security interest.

28 (3) The payment or advance of funds by the department pursuant
29 to this subdivision shall be exclusively within the department's
30 discretion, and no person shall be deemed to have any entitlement
31 to the payment or advance of those funds. The amount of any funds
32 expended by the department for the purposes of curing or averting
33 a default shall be added to the loan amount secured by the rental
34 housing development and shall be payable to the department upon
35 demand.

36 (g) (1) Prior to disbursement of any funds for loans made
37 pursuant this section, the department shall enter into a regulatory
38 agreement with the ~~developer~~ *development sponsor* that provides
39 for all of the following:

1 (A) Sets standards for tenant selection to ensure occupancy of
2 assisted units by eligible households of very low and low income
3 for the term of the agreement.

4 (B) Governs the terms of occupancy agreements.

5 (C) Contains provisions to maintain affordable rent levels to
6 serve eligible households.

7 (D) Provides for periodic inspections and review of year-end
8 fiscal audits and related reports by the department.

9 (E) Permits a developer to distribute earnings in an amount
10 established by the department and based on the number of units
11 in the rental housing development.

12 (F) Has a term for not less than the original term of the loan.

13 (G) Contains any other provisions necessary to carry out the
14 purposes of this part.

15 (2) The agreement shall be binding upon the developer and
16 successors in interest upon sale or transfer of the rental housing
17 development regardless of any prepayment of the loan.

18 (3) The agreement shall be recorded in the office of the county
19 recorder in the county in which the real property subject to the
20 agreement is located.

21 5849.9. (a) In addition to the competitive program established
22 by Section 5849.8, the department shall distribute two hundred
23 million dollars (\$200,000,000) from the fund on an
24 “over-the-counter” basis to finance the construction, rehabilitation,
25 or preservation, and to capitalize operating reserves, of permanent
26 supportive housing for individuals in the target population with a
27 priority for those with mental health supportive needs who are
28 homeless or at risk of chronic homelessness. Funds to be awarded
29 pursuant to this section shall be available to all counties within the
30 state proportionate to the number of homeless persons residing
31 within each county as calculated in Section ~~5849.6~~. 5849.6 or in
32 the amount of five hundred thousand dollars (\$500,000), whichever
33 is greater.

34 (b) Funds not awarded within 18 months following the first
35 allocation of moneys in accordance with subdivision (d) shall be
36 used for the purposes of the competitive program.

37 (c) The moneys described in subdivision (a) shall be
38 administered either in accordance with the procedures for awarding
39 funds to local agencies established by the existing Mental Health
40 Services Act housing program administered by the Department of

1 Health Care Services and the California Housing Finance Agency
2 or alternative procedures developed by the department for
3 distributing these moneys that enhance the efficiency and goals of
4 the distribution program.

5 (d) The department shall make the first allocation of moneys
6 pursuant to this section no later than 60 days after any deadline
7 for appeals as set forth in Section 870 of the Code of Civil
8 Procedure.

9 5849.10. (a) The sum of six million two hundred thousand
10 dollars (\$6,200,000) is hereby appropriated from the Mental Health
11 Services Fund to the department to provide technical and
12 application preparation assistance to counties.

13 (b) Eligible use of technical and application preparation
14 assistance shall include, but is not limited to, assistance in
15 performing one or more of the following activities:

16 (1) Applying for program funds.

17 (2) Implementing activities funded by moneys distributed
18 pursuant to this part, including the development of supportive
19 housing for the target population.

20 (3) Coordinating funded activities with local homelessness
21 systems, including coordinated access systems developed pursuant
22 to Section 578.7(a)(8) of Title 24 of the Code of Federal
23 Regulations, as that section read on May 1, 2016.

24 (4) Delivering a range of supportive services to tenants.

25 (5) Collecting data, evaluating program activities, and sharing
26 data among multiple systems, such as the Mental Health Services
27 Act, enacted by Proposition 63 at the November 2, 2004, statewide
28 general election, the Medi-Cal Act (Chapter 7 (commencing with
29 Section 14000) of Part 3 of Division 9) and implementing
30 regulations, and homelessness systems.

31 (c) The department shall provide funds to a county upon
32 application as follows:

33 (1) To a large county and to the County of Los Angeles, the
34 department shall provide one hundred fifty thousand dollars
35 (\$150,000).

36 (2) To a medium county, the department shall provide one
37 hundred thousand dollars (\$100,000).

38 (3) To a small county, the department shall provide seventy-five
39 thousand dollars (\$75,000).

1 (d) If a county does not expend the moneys allocated pursuant
2 to subdivision (c) by June 30, 2020, those moneys shall be used
3 to augment the funding pursuant to subdivision (e).

4 (e) The department may contract for expert technical assistance
5 and application preparation assistance. The department shall deploy
6 such assistance to counties based upon a process to be defined in
7 guidelines.

8 (f) The department may establish a unit for the purpose of
9 providing technical assistance to counties.

10 5849.11. (a) The counties shall annually report to the
11 department on activities funded under this part, including
12 information on the funded supportive housing development.
13 Reported information shall include location of projects, number
14 of units assisted, occupancy restrictions, number of individuals
15 and households served, related income levels, and homeless,
16 veteran, and mental health status

17 (b) The department shall submit a report on the program to the
18 Legislature by December 31 of each year, commencing with the
19 year after the first full year in which the program is in effect. The
20 report shall contain the following:

21 (1) The processes established for distributing funds.

22 (2) The distribution of funds among counties.

23 (3) Any recommendations as to modifications to the program
24 for the purpose of improving efficiency or furthering the goals of
25 the program.

26 (c) The report required to be submitted by subdivision (b) shall
27 be submitted in compliance with Section 9795 of the Government
28 Code.

29 5849.12. (a) Upon an appropriation of funds for the purpose
30 of this section, the department shall contract with a public or private
31 research university in this state to evaluate the program. The
32 department shall develop the research design and issue a request
33 for proposal for a contract for the evaluation, with the assistance
34 of the Legislative Analyst's Office and the Department of Finance.

35 (b) The department shall submit the final research design and
36 request for proposal required by subdivision (a) to the Chairperson
37 of the Joint Legislative Budget Committee no more than 30 days
38 prior to executing a contract for the evaluation.

39 5849.13. An action to determine the legality of any action by
40 the department pursuant to this part may be brought pursuant to

1 Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of
2 the Code of Civil Procedure.

3 5849.14. The Department of Finance may authorize a loan
4 from the General Fund to the No Place Like Home Fund for
5 cashflow purposes in an amount not to exceed one million dollars
6 (\$1,000,000) subject to the following conditions:

7 (a) The loan is to allow the department to begin program
8 implementation activities, including, but not limited to, drafting
9 program guidelines and regulations.

10 (b) The loan is short term, and shall be repaid within 30 days
11 after the deposit of bond proceeds into the fund pursuant to
12 paragraph (1) of subdivision (b) of Section 5849.4.

13 (c) Interest charges may be waived pursuant to subdivision (e)
14 of Section 16314 of the Government Code.

15 SEC. 4. The Legislature finds and declares that this act furthers
16 the intent of the Mental Health Services Act, enacted by
17 Proposition 63 at the November 2, 2004, statewide general election.

18 It is intent of the Legislature that the costs to service the debt
19 for the bond authorized by this act shall not impede in any way
20 the direct mental health services provided by counties, and that
21 the counties shall maximize the use of all available state, federal,
22 and local funding sources, including those listed in Section 5849.7
23 of the Welfare and Institutions Code, to support direct local mental
24 health services.

25 SEC. 5. This act is a bill providing for appropriations related
26 to the Budget Bill within the meaning of subdivision (e) of Section
27 12 of Article IV of the California Constitution, has been identified
28 as related to the budget in the Budget Bill, and shall take effect
29 immediately.